Series on Democracy and Health

Democracy and Democratization in Developing Countries

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Summary

The principal objective of this report is to describe and analyze the process of democratization in the Third World. The paper will provide information and analysis that will be useful to USAID Health Program professionals to locate their own programs and projects in a wider political framework. This is crucial in the context of the new strategy of the Agency that makes democracy a virtual precondition to receive assistance.

The report begins by raising a series of questions on democracy that many individuals, but especially foreign assistance professionals, commonly raise. They are anxious to see democratic forces in developing countries strengthened, but at the same time entertain some reservation about the wisdom of aid agencies getting involved in directly promoting democracy.

The questions are followed by a discussion of concepts and theories of democracy. The concept of democracy is not complicated but theories of democracy are. The report considers the broader theory of democracy that encompasses both political and socio-economic elements and the narrower conception that limits it to the political aspect. The latter is adopted for the rest of the present discussion. Next political theories of democracy are critically examined. The conclusion is that there is no one universally valid model of democracy.

A review of the principal elements of a democratic system follows next. We look at human rights, the system of government and civil society noting in particular the dynamic evolving nature of all three.

The next section is devoted to a discussion of the concept of democratization and the economic, non-economic and external factors that help initiate the process. Democratization is viewed as a non-linear dynamic process that can take place under a variety of circumstances. In particular the often raised question “Does development lead to democracy?” is addressed here. The answer based on the available evidence is that it does not always happen. We conclude by noting that there are a multiplicity of paths to democracy depending on the particular circumstances of the country.

The interrelationship between democracy, governance and development is discussed next. Governance is seen as a subset of the democratization process. Good governance helps development and promotes democracy. The relationship between democracy and development is a two way process. Here we address

the questions, "Does democracy help development (economic growth) and does it help equity?" The answers to both are a qualified "yes" which have significant policy implications for foreign assistance. The concluding segment in the section reviews the question whether democracy helps market economic reform. The evidence on this is inconclusive.

The next section deals with the vital issue of sustainability of democracy. The economic and social development issues relating to sustainability were discussed in the preceding two sections. Here we focus on three other important sets of factors, namely political culture, historical factors and the learning of democracy. The debate whether democracy should evolve in specific environments or whether it can be "learned/taught" or "transplanted" is addressed. The historical evidence favors the former view point. However, external intervention can be helpful in limited circumstances, especially to promote factors that help sustain democracy. The last is particularly important to democracy assistance strategies that are based on the assumption that democracy can be learnt irrespective of other conditions or circumstances.

Attempts have been made to capture the changing situation of democratization in quantitative indices. The paper reviews the indices prepared by Freedom House, Humana, UNDP and Hadenius. It is noted that the indices are helpful but are limited in scope. There is a need for much further work in this area.

The next section addresses the role of the donor community in the promotion of democracy in the Third World. Questions such as aid conditionality, national sovereignty, and democratic rights vs development rights are discussed. Of particular concern here is whether democracy should be a (the) principal criteria for aid. If so what are its implications for the distribution of aid? Our conclusion is that it may not be prudent to insist on democracy as a condition for aid. One repercussion of such a policy would be to shut out some of the poorest societies from foreign assistance.

The final section is devoted to a discussion of the USAID conception of democracy/democratization and the implications of the Agency's policy for the assistance it provides. The different perspectives and programs of the different Bureaus in this area are briefly reviewed and commented upon. The results of the programs undertaken so far are mixed. However, there are promising areas. This section concludes with a discussion of the policy implications of current USAID policy that makes democracy a principal element of its foreign assistance program.

Questions on Democracy

There are a number of questions that are frequently raised about the nature of democracy in developing countries, the relationship between democracy and development, and the role, if any, that donors should play in promoting democracy in these countries. Here we raise some of these questions. Given the limited scope of this report not all of these questions are addressed in detail in the following pages.

Nature of Democracy

1. What is democracy? Notwithstanding the fact that democracy is one of the most commonly used terms in the political science lexicon and in the mass media it is a concept that defies a simple answer.

2. Is there one model of democracy that is universally valid? Or is it that democracy in developing countries cannot be the same as democracy in the rich industrialized countries? This is a question that is commonly raised because some believe that democracy is defined by a set of basic universally valid principles. Others believe that western liberal democracy is a "luxury" that developing countries cannot afford.

3. Does democracy vary, at least in practice, from region to region and from country to country, depending on the historical, cultural, social, economic and other factors? This is an assertion often made to challenge the applicability of a common set of democratic principles especially to all developing countries.

Link between Democracy, Governance and Development

1. Does democracy help or hinder development? Is economic development a necessary precondition to have democracy? Or is the linkage a weak one? What is the evidence? What other factors besides economic factors can help democracy? These are particularly important questions with practical implications for foreign assistance.

2. What is governance? How does it differ from democracy? What is the relationship between the two? On the one hand, why is it that it is

commonly asserted that good governance is necessary for development and democracy? On the other, why do some assert that democracy is essential for good governance? Is good governance sufficient for democracy? Does democracy ensure good governance?

3. Can democracy and development be separated? Should not democracy be a part of development in the broad sense of the latter term? This is an important question because there are many who believe that truly sustainable development is not possible without democracy.

4. What conditions are helpful/essential to make democracy sustainable?

Conditionality

1. Is it reasonable to make aid conditional on democracy? If so should it be limited to a few conditions of economic governance such as financial accountability or should it encompass the full agenda of liberal democracy?

2. What are the probable consequences of such conditionality?
Both these sets of questions have a bearing on who will get aid and who will not.

Aid for Democracy

1. What can the donors do to promote democracy? What programs are feasible? Can we prioritize them?

2. What have we learnt from such programs in the past?

3. Can we promote democracy in regular (traditional) development assistance programs? If so how?

All three questions have obvious practical policy implications.

Concept and Theories

Concept

In this report I follow Beetham (1993:55) and make a distinction between the concept of democracy and theories of democracy. The concept of democracy, in its simplest form, can be defined using the two Greek words *demos* (people) and *kratos* (rule) that combine to make the word democracy, meaning "rule by the people". This is the classical idea of democracy. Beetham elaborates this concept as a "mode of decision-making about collectively binding rules and policies over which the people exercise control, and the most democratic arrangement to be that where all members of the collective enjoy effective equal rights to take part in such decision making directly - one, that is to say, which realizes to the greatest conceivable degree the principles of popular control and equality in its exercise...". Theories of democracy attempt to make this basic concept operational by prescribing how democracy might be realized, in what institutional form, and the content of democracy. As regards these issues there is no general agreement. I will briefly describe the basic differences in terms of three issues. One is the debate whether democracy should be extended beyond the political sphere to include the social and economic spheres. The second is the question of the adequacy of a theory of democracy that addresses only the procedural or input side of the political process ignoring the output side. The third is the question whether there is one generalizable model of democracy that fits every society.

Social Democracy

As regards the first question, those who favor the extension of democracy beyond the political sphere want economic and social decision making processes to be participatory as far as possible, and when that is not feasible, representative. Held (1993) goes further and proposes a cosmopolitan model of democracy that has two dimensions, international and local. International democracy requires the global system including the United Nations to be democratized. This means reducing the powers of the leading Western countries in the U.N. and other global institutions. Democracy at the local level requires strengthening the democratic base of civil society including economic and social organization.

This broader conception of democracy has two problems. Firstly, the economic dimension of democracy requires an economic organization, especially in the ownership of property, that is not fully compatible with the tenets of free enterprise and capitalism. A more equitable distribution of property may require state intervention that is also antithetical to the conception of liberal democracy. Secondly, this broader concept of democracy is an ideal model. However, as Sartori (1987a:xi) points out, the contemporary theory draws a distinction between "ideal system and reality". There is a "fact-versus-value" tension. The question of interest, especially to those who want to promote democracy is, to what extent and in what manner are ideals realized and realizable. Thus most theories of democracy take a more narrow view of democracy confining it to the political sphere at the individual country level. They usually recognize the interrelationship between political and socio-economic factors. The principal concern, however, is with political democracy.

Political Democracy

Joseph Schumpeter's now classical definition of competitive democracy is: "The democratic method is that institutional arrangement for arriving at political decisions in which individuals acquire the power to decide by means of a competitive struggle for the peoples's vote." (1947:269) Two points are worth noting. Firstly, this is a theory of political democracy. Secondly, it is a theory of democracy that focusses on the procedural (input) aspect of the political process. Dahl's definition of democracy as an "elective polyarchy" complements and extends the Scumpeterian theory of democracy by incorporating an element of pluralism to it (Dahl 1971). This makes Dahl's conception more participatory and inclusive. However, his approach also retains the procedural/ input framework. Extending Dahl's concept of polyarchy, Larry Diamond (1990b:2-3) defines democracy as a "system of government that meets three essential conditions: meaningful and extensive **competition** among individuals and groups (especially political parties) for all effective positions of government power, at regular intervals and excluding the use of force; a highly inclusive level of **political participation** in the selection of leaders and policies, at least through regular and fair elections, such that no major (adult) social group is excluded; and a level of **civil and political liberties** - freedom of expression, freedom of the press, freedom to from and join organizations - sufficient to ensure the integrity of political competition and participation."

Even in regard to the input aspect of democracy the Schumpeterian view is seriously flawed at least in three aspects, especially when the theory is applied to developing countries. Firstly, non-elected public officials make critical decisions that are largely outside the purview of elected officials. For example, much of economic policy, particularly the decisions of relatively independent central banks, fall into this category. Secondly, the military frequently exercise power

even when democratically elected governments exist. Thailand and Pakistan from Asia and Peru and Guatemala from Latin America are but four such examples. Third, although the government is elected, the majority can discriminate against the minority. The ethnic conflicts that we see in democratic countries such as Sri Lanka and India bear testimony to this. To rectify these shortcomings Schmitter and Karl (1991) have added three important qualifications to the Schumpeterian formulation of competitive theory of democracy. Firstly, citizens must be able to influence public policy between elections. Secondly, properly elected governments must be able to exercise power without control by unelected officials. Third, the polity must be self-governing.

Sartori (1987a:152) makes the important point that the above formulations are Western conceptions of democracy that limit it to the input side (procedural element) of the political process and hence inadequate as a theory of democracy for developing countries. He notes that the state is a key actor in developing countries. Thus a theory of liberal democracy that stresses the limitation of the role of the state is not always relevant to these societies. What is required is a theory of democracy that incorporates the outcomes of the political process as a feed-back to the competitive input process.

The output side of democracy relates to elements such as political stability, protection of minority rights, and the ability to achieve economic progress with a reasonable degree of social equity. If the output of competitive democracy does not fulfil these minimum requirements, competitive democracy on the input side is not meaningful to those who are on the losing side, be it a minority, or any other group such as the urban or rural poor. From this point of view a model of political democracy that simply restricts its focus to civil and political rights would be inadequate. It will also have to include social and economic rights, a point to which I shall return later.

Multiple Models

This brings us to the third question that we want to address in this section. That is whether there is a single model of political democracy. The answer is both “yes” and “no”. It is “yes” because to qualify as a democracy in terms of the definitions that I have discussed above, a system of government must ensure peaceful competitive political participation in an environment that guarantees political and civil liberties. The answer is “no” because in different historical and cultural traditions, democracy could mean different things to different people. For example, as Huntington (in Diamond and Plattner 1993a:xi) notes, democracy in Japan deviates from the Western model because in that country, until recent events changed the situation, there has been competition for power but no alternation of power (at least not until 1993). The Liberal Democratic Party enjoyed an unbroken grip on power lasting several decades. There probably

were sound reasons such as the economic success of Japan that led a majority of voters to repeatedly back the Liberal Democrats. In that sense the Japanese model may conform to the standard Western liberal democratic model. The point, however, is that the Japanese model deviated from the latter to the extent that it evolved into a system with its own "natural" governing party that produced competition for power among the different factions within the Liberal Democratic Party rather than between that party and its rivals.

Schmitter and Karl (1991) note that there is no one form of democracy. In some countries it is democracy by consensus (e.g. the new constitution in South Africa) and in others it is by competition. In some power is shared by the majority and minority(ies) (e.g. Malaysia) and in others power is exercised by the majority (e.g. Sri Lanka). East Asian democracy will always be influenced by a Confucian community oriented approach that places less importance on individual rights and more on group rights, a view that is contrary to the American tradition of democracy that gives primacy to individual rights. In some democracies there is more public authority action (e.g. Sweden) and in others there is more private action (e.g. U.S.A). Discussing the case of Islamic countries in the Middle East, Sisk (1992) argues that it is not appropriate to simply categorize countries as "democratic" and "authoritarian". He asserts that there are many "hybrid" regimes that combine elements from both. For example, in some pacific islands competitive political systems are based not on traditional political parties but on competing family groups and individuals (Freedom House 1993:78).

Elements of Political Democracy

There are two principal elements to political democracy. One is the system of government and the other is political and civil liberties. The system of government has two components. One is all formal government agencies and institutions. The other is all other institutions of civil society. These elements have to be integrated for democracy to be realized. As Kusterer (1992) notes freedom relates to the individual. Political and civil liberties are enjoyed by the individual. However, freedom of the individual will not prevail unless the institutions, both formal and civil, are free to provide fora and facilitate the exercise of that freedom by the individual.

Political and Civil Liberties

Concepts such as human rights, freedoms, political and civil liberties are overlapping concepts. Moreover, they are by no means static. Views on what liberties are and their importance change over time. For example, today it is debated whether women have reproductive rights in addition to all the other "regular" rights that they share with men (see Dixon-Mueller 1993:3-28). A detailed discussion of rights is beyond the scope of this report. However, we would like to make a few salient points. Firstly, rights such as personal security rights - the right to life (no summary execution), right not to be tortured, right to due process of law, etc. -, personal expression rights - right to speak, assembly etc. -, and political participation rights - right to vote, run for political office etc. -, are the classical "first generation" rights. There can be no political democracy without these. Second, there are some first generation rights, namely the three personal security rights mentioned above that are primal rights. According to the UN Charter of Human Rights they cannot be suspended by the signatory countries even under national emergency. They are simply inviolable. Thirdly, the above three personal security rights together with the right not to be discriminated on grounds of ascriptive classification - race, ethnicity, caste etc. - form the hard core of human rights, which if protected will move a society a long way towards achieving democracy. Fourthly, largely due to Marxist-socialist influence, economic rights - right to work and earn an income, access to education and health etc. - have also been increasingly recognized as legitimate rights. Fifth, in more recent times, a set of group right - right to self determination, linguistic and cultural autonomy etc. - have also made their appearance as rights. Sixth, the notion of what rights are and what should be

included is constantly evolving in response to changing political, socio-economic and cultural realities. The debate about women's reproductive rights is but one example. Seventh, there is significant disagreement between western political leaders and non-western leaders regarding the relative importance of these rights. For example, East Asian leaders emphasize group and communal rights - e.g. security of the community - as against individual rights stressed by western leaders. Leaders from developing countries stress social and economic rights as against civil and political rights. For example, there was a sharp division of opinion along these lines between the two sides at the 1993 Vienna Convention on Human Rights.

Formal Institutions of Government

Three important issues that are frequently debated in developing countries will be briefly discussed here. One is the question of parliamentary form of government as against the presidential. The second is the degree of devolution that should be built into the formal system of government. The third is the deviation from strict democratic norms to accommodate interests and conditions that may be unique to any given country. All three have important implications for the nature and quality of democracy that a country would enjoy and also for the country's development effort.

In many cases historical factors have had a decisive influence on whether a country chooses a parliamentary or a presidential system or some "Gaullist" mixture of the two. For example, former French colonies influenced by the French experience and tradition have invariably chosen presidential systems. In contrast, many former British colonies have followed the Westminster model and chosen parliamentary forms of government. In many countries, the particular model selected can have an important bearing on the nature and quality of democracy.

There is an unresolved debate in the political science literature as to which of the two forms - parliamentary or presidential - is more democratic, especially in the third world context (Lipset 1990; Horowitz 1990; Lipset 1994). Typically, the presidential model has often led to more centralized control. The American type of checks and balances between the three branches of government are usually absent in these countries. Even when the constitution makes provision for such balances, weak institutions and the political culture reduces the impact of such provisions. As a result in many cases a centralized executive has led to abuses of power and undermining of democracy. For example, over the years, many Latin American presidential governments have displayed these characteristics. However, this does not mean that parliamentary systems that started off as democracies have not produced their own quota of authoritarian tendencies. India under Mrs Indira Gandhi's emergency rule in the late 1970s is one of the

best known examples. In the final analysis, as to which of the two systems - presidential or parliamentary - is more conducive to the fostering of democracy in developing countries is an empirical issue. The answer most likely depends on a complex of factors including historical roots of the system, political culture, the socio-economic environment and not simply on the formal features of the two systems alone.

Devolution of power is another topic that has come to the forefront of political discourse in recent times. There are a number of reasons for this. One is the recognition that big government can be both inefficient and anti-democratic. Devolution of power to smaller units makes government more responsive to the needs of people. Second, the recognition of the right to self determination by minority groups and the right to linguistic and cultural autonomy have made devolution the best vehicle to grant such group rights. Thus devolution is a meaningful extension of democracy. This trend, it must be noted, has enormous implications for development. Devolved government creates new formal governmental structures and institutions. The developmental implications of such arrangements can be viewed from two perspectives. If devolution is necessary to maintain, say, ethnic peace, and reach a national accord for long term peace and stability the price is probably worth paying. However, additional governmental structures can be costly and a heavy burden on a resource-poor country. If devolution also leads to improved economic efficiency in resource allocation the country would have got the best of both worlds. But this may not always be the case. Often there is unnecessary duplication and red tape. The devolved units of government may also not have adequate management capacity and technically qualified personnel to perform efficiently. If so devolution needs to be seen not as an economic investment but as a political investment with a long term indirect economic pay off.

In some cases democratic institutional structures and arrangements may be modified to accommodate specific needs of a country. An example is Malaysia which has enjoyed uninterrupted ethnic peace and economic prosperity for almost a quarter of a century. That country's constitutionalized "ethnic peace accord" that came into existence in the aftermath of the race riots of May 1969, has some features which contradict strict democratic norms and are also inefficient from a purely economic point of view. Its affirmative action program that openly favors the Malay majority and discriminates against the Chinese minority is one of the most prominent examples. However, Malaysia probably would not have achieved the economic success that it has had without paying that price.

The above discussion holds important policy lessons for foreign assistance programs that want to promote democracy and development. Firstly, good judgement has to be exercised in evaluating the form of democracy in developing countries. What is appropriate for a any given country, and the path of

institutional and constitutional development that each country follows is conditioned by a complex of factors. Generalizations may not be very useful in these circumstances. Secondly, a case can be made to support programs of devolution from a democracy perspective. It may be possible integrate assistance in areas such as health and education with devolution programs. This is a natural partnership because it is subjects such as health that are usually earmarked for devolution and decentralization.

Civil Society

Civil society is defined as all intermediary organizations that lie between the primary units of society such as individuals, families, clans, ethnic groups and so forth and formal governmental agencies and institutions (Schmitter 1991). The total network of private (not state sponsored) organizations including political parties and the various private voluntary organizations constitute civil society. Civil society is a necessary but not sufficient condition for democracy. As Freedom House (1993:81) points out " a society that does not have free individual and group expression in nonpolitical matters is not likely to make an exception for political ones."

The nature and composition of civil society can differ from country to country. However, for democracy to prosper civil society institutions must be autonomous of the state. In Central and Eastern Europe where the tradition has been for the state to dominate civil society this can be a problem in democratization. Ideally civil society institutions must also enjoy autonomy from primary groups. This can be a problem in Asian and African countries where religious, ethnic and tribal affiliations often form the basis of civil society organizations.

The question arises as to under what conditions civil society can best develop. One hypothesis is that a viable civil society cannot exist if there are large economic and social inequities. The reason is that the more powerful will dominate civil society organizations to the exclusion of the less powerful who normally would constitute the majority. This argument underscores yet again the point made earlier that a political democracy will find it difficult to survive without social and economic rights and some degree of equity. Another hypothesis is that a strong civil society cannot exist if there is coercion (no free enterprise) in production. One reason is that free enterprise normally gives rise to multiple interest groups who compete with each other. Free enterprise also creates wealth in the hands of individuals who are then free to promote civil society organizations that stand for ideals that they support and are not beholden to the state.

Democratization Process[1]

I define democratization as a process of political change that moves the political system of any given society towards a system of government that ensures peaceful competitive political participation in an environment that guarantees political and civil liberties. This is a concept that captures the dynamic quality of democratic evolution in any society but especially in developing countries. As Beetham (1993:55) notes, at any given moment all societies occupy some point along a political spectrum that extends from dictatorial rule to democratic rule as defined earlier i this report. The movement along this spectrum is a non-linear process. As of now, the "megatrend" (Boeninger:1992) in the developing countries is towards democratic pluralism. Between 1974 and 1990, under the "Third Wave" of democratization, 30 countries had changed from authoritarian regimes to democracies (Huntington 1993:14). How does democracy get established in non-democratic societies and how is the process of democratization sustained?

Does Development Lead to Democracy?

One of the most popular hypotheses is that socio-economic development (modernization) brings about democracy. In this view democracy is a "higher order" need that follows "basic needs" such as food, shelter, health. The latter are prior needs that must be satisfied (Maslow:1954). Some theorists (e.g. Casinelli 1961) argue that "a modern democratic state can exist only in a society that has solved the problems of material well being." Dahl believes that adequate institutions and a citizenry, especially a middle class, receptive to democratic ideals, must exist for democratization to take place. All these views are in accord with what is often described as the "Lipset thesis" (Lipset 1959; 1963) that economic development not only leads to democracy but that it is essential for democracy to come into being. Taking a cue from this, there are many Third World political leaders who subscribe to the view that basic material needs must be met before their societies can practice democracy. Some go even beyond that and assert that there is a tradeoff between democracy and development. If they have to choose between the two many say that they would prefer the latter. We need to verify the historical validity of these arguments.

As Stephen Haggard (1990) notes in a paper prepared for USAID, in the long run there is a definite positive association between economic prosperity and democracy.

1/ A distinction needs to be made between democratization and liberalization. Political liberalization can take place without democratization when an authoritarian regime relaxes its controls, say, on the media, reduces or even eliminates gross violations of basic personal security rights and so on. Democratization, as we point out in our discussion, is a more demanding process that requires full and free citizen participation in government and polity. Thus, for example, Egypt is a relatively liberalsociety but not a democracy.

In general the rich industrialized countries enjoy democratic institutions and freedoms. Conversely it is rare to see democracy thrive under conditions of economic deprivation. Diamond (Marks and Diamond 1992) finds "human development" to be the most powerful predictor of the likelihood of democracy. He notes that there is strong historical evidence to support the theory that development promotes democracy. Hadenius (1992) examines the relationship between democracy and development using statistical models based on the assumption that democracy is the dependent variable. He finds some support for the relationship but determining causality is a problem in some of the cases. Huber *et al* (1993) have argued that historically, capitalist development has helped to establish and sustain democracy by weakening the landlord class and strengthening the middle class and working class. These arguments notwithstanding, in general, the evidence is weak to support the view that development always brings about democracy. In some countries (e.g. Central and Eastern Europe) economic failure has acted as a catalyst to bring about democratic change. In some others (e.g. South Korea and Taiwan) economic success has acted as a catalyst.

Non-Economic Factors

The historical evidence points to a much more complex set of factors that initiate and sustain the process of democratization in a variety of economic, political, and social environments (Diamond 1990a). Historically some developing countries such as India and Sri Lanka in Asia and Botswana in Africa have maintained democratic systems that they inherited from the former colonial rulers. The countries that entered the democratization process under Huntington's "Third Wave" that started in 1974-75 with Portugal, Spain and Greece came from a variety of backgrounds. Some, especially the Latin American countries, were relatively rich middle income societies but others such as Bangladesh, Nepal, and Uganda were among the poorest in the world. The political systems that preceded the democratic transformation varied from authoritarian monarchies (e.g. Nepal) to authoritarian socialist countries of Central and Eastern Europe, military dictatorships in Latin America and tribe-based authoritarian regimes in Africa. Typically civil society was weak but traditional primary groups such as ethnic and tribal alliances were strong in many of these countries. The civil societies were in various stages of development depending on the historical circumstances of each country. In the more traditional societies in Africa and Asia new civil society institutions are challenged by strong ethnic, caste and tribal alliances. To make a successful transition to democracy these new institutions will have to be reasonably free of these primary ties. In Central and Eastern Europe civil society institutions have to become autonomous of the state (Schmitter 1991:25).

The factors that set off the democratization process in these countries have

been generally internal to the country in question (Whitehead 1986; 1992). Typically it has been a political or economic crisis or both. Beyond that, however, it is difficult to generalize. The path to democracy is rich in variety in terms of the groups involved, the methods adopted and so forth.

In general there was some kind of popular movement for democracy in almost every country. The role played by the different segments of society in such movements has varied a great deal from country to country. For example, the military and the Catholic church played an active role in the Philippines. In Bangladesh the students, bureaucracy and the professional classes took the lead and the military remained neutral. In Thailand the business community was supportive of the democracy movement that had a large student involvement. In Burma students, a section of the intelligentsia and the Buddhist clergy were in the forefront of that country's abortive movement for democracy. In Poland the trade unions and the Catholic church led the way. In most Central European countries the professional classes, especially intellectuals and writers, were in lead roles. In Latin America the business class and the bureaucracy generally backed popular pro-democracy movements. In a few countries such as Uganda it took a bloody civil war to restore democracy.

External Factors

The principal forces that led to the democratic transition were internal. However, this does not mean that external factors had no role to play. Historically, British colonial experience probably has played a positive role in reviving democracy in some of the former colonies (Lipset et al. 1993). The demonstration affect was an important factor that sustained the Third Wave. The heightened concern of the international community for the protection human rights and minority rights have also been helpful. In the case of South Africa international sanctions played an important role. In Panama and Grenada American military intervention brought about a change of regime and democratic governments but those were exceptions. Huntington suggests that in general the influence of the United States has also been positive. This was particularly true in Latin America.

Democracy, Governance and Development

Does Democracy Help Development?

This is one of the most commonly raised question in discussions on democracy and development. If it does, development in turn will help to sustain democracy. The two will become mutually reinforcing. It is also a particularly pertinent question for the donor community. If the answer is positive the case for linking foreign assistance to democracy becomes that much stronger. At first glance this appears to be a straight forward question. However, in recent years it has got complicated for two reasons. Firstly, the concept of governance and its relationship to development has entered the discussion. Second, the meaning of development itself has undergone a transformation. Thus both these concepts need clarification before we could attempt an answer to the question whether democracy promotes development.

Governance and Development

The concept of governance has been used in the literature in two senses, one narrow and the other broad. The World Bank, for example, which uses it in the narrow sense, defines good governance as "sound development management" encompassing public sector management, accountability, the legal framework for development and, information and transparency." (World Bank 1992:2) The World Bank uses this restrictive definition to steer clear of contentious politics. Although "sound development management" may seem devoid of politics, in reality this may not be so. For example, the World Bank is expanding its programs that assist PVOS and NGOs. This it does by creating trust funds in recipient countries that channel funds to the latter. In most cases such as those established in Sri Lanka and Bolivia the funds are meant to help the poor through job creation programs and other social programs. Such programs serve to strengthen the non-state actors or civil society which is bound to have repercussions on the balance of political power in that society.

The broader definition of the term governance refers to "good government of society" (Boeninger 1992:267) A USAID-Africa Bureau working paper prepared in 1992 also uses a similar broad definition:

> *"the impartial, transparent management of public affairs through the generation of a regime (set of rules) accepted as constituting legitimate authority, for the purpose of promoting and enhancing societal values that are sought by individuals and groups."*

(USAID 1992a:8) These broader definitions of governance generally imply the legitimacy of authority, public responsiveness and public accountability of government. These conditions can be satisfied only by a democratic regime. Thus good governance means democratic governance. In this sense, there is no difference between the questions "does democracy help development?" and "does good governance help development?" However, good governance in the narrower (World Bank) sense could exist even in non-democratic regimes. In what follows I will discuss the issue from both view points.

The second concept that needs clarification is "development". Until relatively recently what was usually measured as development was growth of national output. However, now it is generally recognized that this is too narrow a definition of development. Development defined as sustained and equitable growth that is environmentally sustainable and which takes place in a climate of freedom that gives the people civil and other liberties to enhance their choices is a more complete and meaningful definition. This in essence suggests what may be called broad based sustainable development (BBSD). The question then is whether democracy helps to achieve BBSD.

First, let us consider the relationship between the narrow concept of governance meaning sound development management and development. Sound development management is seen as essential for sustained economic growth. However, it is entirely conceivable to have good governance and good economic growth without democracy. East Asian NICS generally had sound economic management that helped economic development with improved equity but were not democratic. A notable exception to this rule would be Indonesia that has done relatively very well economically but not too well in governance even in the narrow sense of the term because of the lack of transparency and widespread corruption in economic management. But usually countries that do poorly in governance (corruption, lack of accountability, misallocation of resources etc.) also perform poorly in development. Many countries in Sub-Saharan Africa are in this category. However, good governance can help the process of democratization in two ways. Firstly, it promotes essential democratic practices such as accountability that helps develop a political culture conducive to democracy. Secondly, good governance helps economic development which in turn can help nurture democracy. For example, the gradual democratization of South Korea and Taiwan bear witness to this pattern.

Democracy and Development

Now we come to the second and broader question, does democracy help development? At the theoretical level there are two opposing theses. Those who believe that democracy does not help development point out the following. Firstly, democracy encourages ethnic and other cleavages and creates instability that jeopardizes development. Secondly, political elites respond to pressure groups that causes distortions in resource allocation. Third, democracy puts pressure on the rulers to redistribute ahead of growth. What is required for development is more savings and less consumption. That is easier to achieve under an authoritarian regime that can take unpopular decisions. On the other side stand those who belong to the compatibility school. They argue that democracy promotes civil and political rights, property rights, free information flows and the rule of law, all of which are seen as pre-conditions to development.

What is the evidence for either thesis? There is no definitive answer in favor of either. Przeworski and Limong (1993) who surveyed 18 studies on this question conclude that "politics do matter, but "regimes" do not capture the relevant differences" (p.65). Sirowy and Inkeles (1990) who surveyed the available literature notes that "democracy does not widely and directly facilitate more rapid economic growth" (p.150). The World Bank in its 1991 **World Development Report** (pp.132-134) reached much the same conclusion. Successful economic development has occurred under both democratic as well as non-democratic regimes. In Latin America, for example, Peru and Bolivia have performed very poorly in the 1980s under democratic regimes and Chile did exceedingly well under an authoritarian regime. Costa Rica whaich has had a long democratic tradition and an unusually good record in social welfare is held up as a very successful case of development in the broader sense of the term. In South Asia, India, with long-standing democratic regime has had modest economic growth record since independence in 1947. Pakistan which has been mostly under military rule since independence in the same year has had relatively better economic growth rates but poor results in human welfare. Sri Lanka which, besides India, is the other long-standing democracy in South Asia, has experienced reasonably good growth rates, especially after 1977, and particularly good performance in human development over a long period of time. South-east Asian NICS have done exceedingly well economically, but without exception under authoritarian regimes. Most countries in Sub-Saharan Africa have experienced low or negative economic growth usually under non-democratic regimes. It does not necessarily follow that Sub-Saharan African countries would necessarily do better economically under democratic regimes. Lancaster (1991-92:159) notes that in Africa typically economic conditions have worsened in the short run following political liberalization because of government neglect of economic matters. However, the economic difficulties may not necessarily be

due to political liberalization **causing** economic neglect. Most of these countries were in an economically parlous state even prior to political liberalization. Moreover, when democratic governments are established, the expectations of the people are also very high. Thus, especially in the short-term, governments may tend to undertake expenditure programs that are fiscally not very prudent or sustainable. In general, while the evidence is far from conclusive, it is probably correct to assert that the democracy-development choice is a false one.

Democracy and Economic Reform

A connected issue is the relationship between democracy and market-oriented economic reform to which almost every developing country is now committed. Even the severest critics of the market in developing countries generally concede two points. Firstly, that it is a generally efficient system to allocate resources for production. Secondly, that an independent civil society that a market economy produces is indispensable for democracy (Diamond and Plattner 1993b). Does democracy help or hinder market reform? Theoretical arguments - several of which are common to the discussion in the preceding section - can be made in favor of both sides. Democracy can reinforce market oriented development in several ways. The freer flow of information helps a market perform better. An accountable and transparent system checks corruption. The rule of law guarantees property rights that helps capitalist production. Democracy may also lead to reforms that transfer resources from privileged sections of the community, say, urban areas, to under-privileged sections, say, rural areas that may foster more sustainable and equitable growth. However, democracy may also lead to non-market and anti-development solutions in resource allocation. For example, politicians may succumb to sectoral pressures. Moreover, if liberal democracy leads to a minimal role for the state, that too may be harmful to development. In the past in many developing countries the state may have been over-involved in the economy. Thus some disengagement may be justified. However, the state has to play a key role to create an adequate regulatory environment and fill the gaps created by market failure. Some note that an authoritarian government will be better prepared to take hard decisions in economic stabilization and structural adjustment programs.

The empirical evidence available to resolve the debate is inconclusive. The World Bank (1991:133-34) notes that the “democratic-authoritarian distinction itself fails to explain adequately whether or not countries initiate reform, implement it effectively , or survive its political fallout.”

Democracy and Equity

We defined equity as an integral part of development. Does democracy promote

equitable growth? In some countries, social welfare has improved as a result of democracy because the competition for the votes of the masses promotes welfare policies. Such policies affect not only current consumption levels but also the distribution of wealth, defined to include both physical capital as well as human capital. For example, in Sri Lanka public expenditure on health, education and food subsidies promoted equity and developed the human capital stock. The distribution of state land among the landless peasantry and significant public expenditure on rural infrastructure helped to improve equity on the physical wealth side. Sen (1981) has pointed out that it is a historical fact that famines have not occurred in democratic societies (e.g. India) but have occurred in authoritarian societies (e.g. China) where other circumstances were roughly comparable. That is because in democracies a free media alerts the authorities to an impending disaster and the rulers are more sensitive to the needs of the people. However, even in the case of equity the rule is not without exceptions. For example, in China, under an authoritarian socialist regime, social welfare improved as a result of deliberate government policy to provide basic needs to the people. In the NICS of East Asia that had authoritarian capitalist regimes, social welfare improved partly as a result of economic growth - more employment and higher wages - and partly as a result of state policy that promoted health and education to facilitate economic growth. Nevertheless, it is possible to argue that in general, democracy, because it ensures political competition, offers superior distributions gains than an authoritarian regime (Olson 1990). Sirowy and Inkeles (1990:151) after assessing all the available evidence conclude that at least "political democracy does not widely exacerbate inequality".

The UNDP (UNDP, 1990) looks at development from what it calls a "people-oriented" point of view and asserts that "human development is incomplete without human freedom." This is more in line with our concept of BBSD. The goal of human development, UNDP argues, is to "increase people's choices; But for people to exercise their choices, they must enjoy freedom - cultural, social, economic and political" (UNDP 1991:20). It makes the point that "launching and promoting human development does not require the sacrifice of freedom ..." (UNDP 1991:21). On the contrary, political freedom allows people to participate in decision-making and paves the way to "truly people-centered" development. A similar point has been made by Amartya Sen who notes that there are "extensive inter-connections between the enjoyment of political rights and the appreciation of economic needs" (Sen:1994,32).

Sustainability of Democracy

The process of democratization, once begun, needs to be sustained. This is the more difficult challenge. Not every democratic transition was sustained in the previous two "waves" (Huntington 1991:13-21). In the Third Wave one can cite Peru, Nigeria and Algeria as notable examples of countries that have backslid after making a beginning towards democratization. Here again too much of generalization is misleading. As Karl (1991) notes the democratic transition is characterized by a very high degree of uncertainty. There are country specific reasons that drive the process either towards progression or towards regression. The nature of the bargaining process varies from country to country. In most Latin American countries and in some countries in Asia such as Pakistan and Thailand the bargaining takes place between the military and institutions of civil society, mostly political parties. In Central and Eastern Europe it is between the state and civil society. In Africa, frequently, it is essentially between ethnic or tribal groups. However, a few key factors are found to be frequently recurring themes in the literature that discusses the issue of sustainability. One is economic development and modernization that we have already discussed. Here we take up the questions of political culture, historical tradition and "learning to do democracy".

Political Culture

Firstly, the question of political culture, which we define, following Almond and Verba (1963:13), as the "distribution of (political) patterns or orientation". Schumpeter (1947:294-5) wrote about "democratic self-control" meaning obeying undesirable laws, tolerating different opinions and refraining from irresponsible opposition. This, he called, the "democratic method". The key question here is the extent to which a particular society has a democratic orientation in its political culture. Broadly speaking, there are two schools of thought on this issue. The first takes a situation-specific cum historical perspective that sees democratic political culture as the end product of an evolutionary process. For example, Chilton (1991:115) argues that one country's institutions may be copied by another country to establish democracy. However, the primary requirement for success is "cultural appropriateness". This requires adaptation of institutions to specific cultural conditions. The debate on the compatibility of Islam with democracy is a case in point. A "liberal" perspective on this issue might be that fundamental Islamic tenets are compatible with democracy. How-

ever, current political interpretations of Islam in countries such as Iran and Saudi Arabia are not compatible. An "Islamic" perspective would argue that Islam is not antithetical to democracy. However, the Islamic model lays emphasis on the community aspect of society and on the religious foundations of the state (Sisk 1992). These two features are the opposite of individualism and the secular state that are stressed in the Western model of democracy.

Historical Perspective

Scholars such as Sartori (1987a; 1987b) and Austin (1990) who take a historical perspective of democratization also stress the long time period that was required by Western countries to establish democracy. Austin notes that the "process of democratization was long, over a period of slow enfranchisement, at a time of increasing prosperity" (p.14). Sartori points out that democracy has evolved to its present stage over a period of 2,000 years through a process of trial and error that incorporated historical learning of concepts such as power, liberty and equality. 2,000 years is a long time to wait. In any event, one hundred and fifty years ago no country had a political democracy as measured by current standards. Most European countries became democratic only in this century. Be that as it may, historical tradition is important. The implication is that it is not easy to establish and sustain a democratic political system in many Third World countries that lack the political culture and historical experience to nurture democratic institutions. The failures of or setbacks to democratization can then be explained, at least in part, by the cultural/historical incompatibility hypothesis. But it is that very lack of democratic culture and tradition that makes the "can learn democracy" school argue for pro-active assistance in this field.

Learning Democracy

The school of thought, dubbed by Kusterer (1992) as the "can do" school, views democracy as something that can be taught/learnt. From this view point, democratization is not a gradual evolution but a process that lays the foundation and creates a demand for democracy. Once introduced, given political culture, the sustainability of democracy and its consolidation depend on a complex set of factors such as regime legitimacy and performance, political leadership, social structure, socio-economic development (including socio-economic inequality and population growth), associational life, state-society relationship, political institutions (political parties, political party system, constitutional structure), ethnic relations, intra-country regional relations, the military and international factors (Diamond *et al* 1990a:9). The relative importance of these will depend on the country and situation. The essays in Diamond and Plattner (1993a) illustrate this point. For example, Diamond, Linz and Lijphart argue for institutions and

mechanisms that would mitigate conflicts and cleavages and build consensus.

Lipset (1994) asserts that economic conditions and political culture are the critical variables and not institutional form. He particularly stresses the importance of "effective government". This means the new democratic government must be able to deliver. This point is particularly important for donors to understand. In many countries that have recently entered the democratic path, there are parallel economic reform programs. It normally takes time for the these reforms to yield results that benefit the mass of people. Often economic stabilization and restructuring initially leads to more unemployment and a cut in living standards. Such results do not inspire public confidence in democracy. Although political liberalization and economic liberalization need not necessarily be linked, in the minds of the public the are. The situation is further compounded if the donors appear, as they usually do, as supporters of both processes of liberalization. Then it is easy for the critics to discredit democracy by associating it with "foreign-inspired" programs that lead to economic hardship. There are two important policy implications for the donor community. Firstly, where feasible they should support economic policies that are both popular and consistent with sensible economics. For example, subsidized basic health and basic education, land reform and agricultural extension programs that favor small farmers, cheap public housing etc. Secondly, the donors have to make an allowance for economic policies that may not necessarily be the most "rational" or "efficient" from a purely economic view point but are helpful to build and sustain support for a democratic regime.

The fragility of the democratization process and the complexity of the factors that influence its sustainability are seen if only the different regions of the world are considered let alone individual countries. In Eastern Europe a large number of factors listed above threaten sustainability. The process of democratization in Latin America is not robust and institutions are poorly developed. In Africa the process has produced mixed results with relative successes in countries such as Uganda and Zambia and failures in Nigeria and Kenya. Globally, democracy is threatened by secessionist ethnic nationalism, religious fundamentalism, and in some parts of the world such as Africa the inability to make economic progress due to rapid population growth, environmental degradation and bad economic management. However, the "can do" school believes that democracy can be built with the help of wise leadership and intelligent institution building.

Measurement of Liberty and Democracy

Freedom and liberty essentially are qualitative phenomena. Thus, measuring them and assigning them numbers is a difficult task. Such measures, at best, are only approximations of the reality. Nevertheless, there is a case for quantitative measurement. Firstly, it supports the proposition that there are some freedoms and liberties that are common to all humankind irrespective of economic, racial, ethnic, cultural or religious differences. Secondly, it allows more systematic empirical analysis. Third, it facilitates comparative study over time of the situation in one country and, more importantly, allows comparisons to be made between individual countries and between groups of countries. Fourth, such quantitative measurements can be related to other quantitative measurements of human progress such as economic development to analyze the relationships that may exist between them. Fifth, for those who are engaged in providing assistance to promote democracy, it is always useful to have reliable quantitative measures to evaluate the impact of their work.

It is useful to note here that political and civil liberties and political democracy are two different but inter-related concepts. The measurement of one measures the other but not completely or very directly. There are over a dozen studies undertaken since about 1960 to quantitatively measure political and civil liberties and the degree of democracy from a comparative perspective. Most of them are cumulative rank order or cumulative interval level measures. In this report it is not possible to make a comprehensive survey of them. Indeed most are related to periods before the 1980s. However, they offer interesting insights to the subject and also raise useful methodological issues. Thus they are worth studying if one is deeply interested in the subject.[2] Here we shall restrict ourselves to four indices that relate to more recent times.

Freedom House Index

One of the best known is the Comparative Measures of Freedom prepared annually by the Freedom House in New York. Two indices, one on political rights and the other on civil liberties are prepared based on a check list of nine political rights and 13 civil liberties. The survey team assigns points ranging from 0 to 2 for each check list item with respect to each country depending on the degree of compliance. Thus the highest score possible in each category would be 18 and 26 respectively that signifies full compliance with Freedom House

2/ The interested reader is referred to Arat (1991:28) for a list of these and a useful review.

standards. These scores are used to place the country on a scale of one to seven with respect to political freedom and civil liberties. One is the best and seven is the worst. Then the two scores are averaged to place all countries surveyed in one of the three categories, free (average score 1-2.5), partly free (3-5.5) and not free (5.5-7).

According to Freedom House at the end of 1992, 99 countries had formal democratic systems of government. However, of that number only 75 were classified as free. In the remainder "substantial human rights violations occur everyday" (Freedom House 1993:4). The Freedom House indices also show that progress has been made since the mid 1980s in the overall movement towards more political freedom. In the first half of the decade over 40% of the world population lived under conditions that were described as "not free", another 20% "partly free" and about 35% "free". By the early 1990s the not free category had fallen to about 30%, and the partly free had risen to almost 45%. The free category, however, had declined to 25%. This last number is instructive because it suggests that during the period of the Third Wave a fair degree of democratic regression has taken place in some countries that functioned at a relatively higher level.

Humana Index

The Charles Humana Human Freedom Index is based on 40 indicators to measure freedom. The indicators such as the right to peaceful association and assembly, freedom from torture or coercion, freedom for peaceful political opposition, the legal right to open trial and the personal right to practice any religion fall under political freedom and civil liberties and are enshrined in various UN conventions and international treaties on human rights. The UNDP (UNDP 1991:19) asserts that broad coverage makes the index a "human freedom" index which is something more than a political freedom index. Each country has an index number. It is created by assigning a "one" to each freedom protected and a "zero" to each freedom denied or violated. The Humana index covered 88 countries for 1985. Eighteen countries got a "high" freedom ranking scoring 31 or more points. Thirty two got "medium" freedom ranking scoring between 11 an d 30. Thirty eight got a "low" freedom ranking scoring 10 or less.

UNDP Index

The UNDP in its 1992 Human Development Report published a Political Freedom Index based on personal security, rule of law, freedom of expression, political participation and equality of opportunity. The survey covered 104 countries having 92% of the world population. Under each of these categories, a number of relevant questions were asked in respect of each country. The qualitative

answers given to each of the questions was allocated a number. Based on those numbers an index was constructed for each of the five categories listed above. The highest possible score was 10 and the lowest zero. A composite index called the Political Freedom Index (PFI) with a range between zero and 100 was then prepared.

The UNDP has not published the scores for individual countries. It has published only the global aggregates relating the PFI to the UNDP Human Development Index (HDI) and per capita income levels. The UNDP reports that about one-third of the global population had a "high" level of political freedom (a score of 75% or higher). Another one-third enjoyed "reasonable" political freedom (score of 50% to 75%) and the remaining one-third "modest to low" political freedom (score of 50% or less).

Hadenius Index

Hadenius (1992) has constructed an index of the level of democracy for 132 countries in 1988. It is based on elections (universal suffrage), meaningful elections (open, correct and effective elections) and political freedom (organizational freedom, freedom of opinion, freedom from political violence and oppression). Points are given on a scale of 0 (least democratic) to 10.0 (most). Among the developing regions, Latin America scores the best with the Far East and the Pacific coming second. The scores for Sub-Saharan Africa, Near East and North Africa are comparatively low.

The methodologies of the indices discussed above differ to some extent. The period covered also varies from 1985 to 1992. Nevertheless, they produce some consistent results that are suggestive of important linkages between democracy and development. Both the Hadenius index as well as the UNDP index show that high levels of Human Development and high levels of per capita income are associated with high levels of political freedom. More interestingly, the UNDP index also shows that as income levels fall freedom does not diminish correspondingly. The report also notes that in recent years most progress has been made in political participation and equality of opportunity and the least in protecting the integrity of the individual. Unfortunately some member governments of the UNDP had objected to the agency undertaking what they called "political work." Thus the UNDP has stopped constructing the index. This is most unfortunate because it served a very useful purpose and together with the Human Development Index (HDI) that it prepares annually could have evolved into something that truly and comprehensively measured the progress of humankind.

These measure are attractive, especially to those who would like to demonstrate democratic advancement with numbers. However, a note of caution is in order.

Firstly, it is essential to verify what is being measured and whether the measurement used is appropriate for the purpose. For example, voter turnout in an election is usually taken as a measure of popular participation in the polity. However, a high voter turnout can be interpreted in more than one way. It may reflect popular participation. But it may also reflect voter anger at the absence of popular participation and their desire to register a protest by voting for the opposition. Conversely, a low turnout may reflect voter satisfaction. Second, the quality of information used to construct the indices can vary. For example, sometimes it is harder to get information on government repression from authoritarian countries. But the absence of information is no indication of a high level of civil and political liberties in the country. Third, it is often hard to capture the manner in which certain groups - e.g. minorities, illiterate people, women and so forth - are excluded from the political discourse in the country. In short indices of democracy and human rights are, at best, crude indicators of a situation that prevails in a country or a group of countries. They are supplements but not substitutes for informed judgement.

Foreign Assistance and Democracy

There is by no means any unanimity among the donor community - defined here to mean the bilateral western donor countries including Japan and the major multilateral lending agencies such as the IMF, World Bank and the regional development banks - as regards the role of democracy and human rights in foreign assistance. Even in the case of the U.S., probably the one major donor country that has shown most concern for the promotion of democracy and human rights, " Since USAID was established in 1961, the emphasis on democratic institution has ebbed and flowed (USAID: 1994b:3). In the case of other donors also, the connection between foreign assistance and democracy has varied a lot depending on the donor and recipient circumstances. In recent times, Scandinavian countries have tried to make the strongest link between aid and democracy, especially human rights. They have adopted a policy of denying assistance to countries with records of serious human rights violations. The World Bank is trying to make the availability of its assistance being conditional on good development management. In contrast, Japan, the single largest bilateral donor now, places less emphasis on "political" factors such as democracy and human rights when assistance is offered.

However, in the post cold war world some initial steps have been taken that may lead to a more consistent and coordinated donor policy on linking foreign assistance with the promotion of democracy and human rights. For example, the July 1993 Tidewater (Mexico) meeting of the donor community led to an understanding that foreign assistance will be channelled to countries that have "pro-development" and democratic regimes committed to Broad-based Sustainable Development (BBSD).

Aid Conditionality

The democracy conditionalities that are commonly insisted upon when providing aid are respect for human rights, improved governance and competitive democracy. Such conditionalities could create several problems. Firstly, such a policy is based on the assumption of existence of a universally valid model of democracy and human rights. There is probably more agreement on the latter at least in terms of most nations being signatories to the various U.N. covenants on human rights. Even in that case, there is no general agreement as regards the priority to be accorded to the different types of rights, political, civil, economic and

social an so forth. Some developing country leaders such as the Malaysian Prime Minister Mohamed Mahathir have argued strongly in favor of giving priority to social and economic rights (sometimes also called “developmental rights”) as against political rights. In the years ahead these differences of opinion may sharpen further because developed countries led by the U.S. are trying to introduce workers rights issues to international trade negotiations. This move is vehemently opposed by most developing country leaders.

The issue is even more problematic when it comes to democracy as a system of government. As we pointed out in an earlier section of this report many would dispute the usually unstated assumption of donor countries that the western model of democracy is the only model of democracy that is acceptable.

Secondly, developing countries are also highly sensitive to what they call donor country interference in their internal political affairs. Concern for democracy and especially making aid conditional on having democracy are viewed as violations of sovereignty. This factor, however, is counterbalanced to some extent by the PVO human rights community regarding countries that have authoritarian governments with repressive policies. These PVOs often view donors as allies in their fight against such governments for improved human rights.

Thirdly, there is the vital issue whether making assistance conditional on democracy may deny such assistance to those who most need it. The Third Wave of democratization is more evident in central and eastern Europe and Latin America than in Asia and especially Africa. The first two groups are mostly middle or upper middle income countries who would be the least qualified for assistance in terms of developmental needs, and the latter, especially Sub-Saharan African countries, would be the most qualified. However, the democracy criterion will skew the distribution of aid in favor of the former group.

In general most observers are of the opinion that there should be no strict one to one tying of assistance to democracy conditions. Joan Nelson, who is a highly respected commentator on these issues, suggests that “Conditionality is a useful complement to other approaches encouraging political reforms - not a strategy in its own right.” (Nelson 1992:4). Carrol Lancaster - who is now the Deputy Administrator of USAID - in a paper written in 1990 argued strongly and persuasively against tying aid too tightly to political liberalization in Africa. She saw some merit in aid being made conditional to some limited reforms, especially in the area of “economic governance” such as open and accountable budgeting, open competitive bidding for projects and so forth. However, “linking economic support to broader political liberalization” she argued “can be dangerous and destructive” because it is simply unworkable under the present circumstances (Lancaster 1990:41).

USAID and Democracy

Cold War Policy

The commitment to promote democratic norms and ideals has been one strand of U.S. foreign policy going back at least to the times of Woodrow Wilson. This was driven by several considerations. Firstly, it reflected America's own commitment to a democratic form of government and the belief that that was the best possible form of government for any society. Secondly, it was America's belief that a liberal society and a democratic society were mutually interdependent. Thus the country's belief in liberalism that promoted individual personal and political freedom and economic freedom through free enterprise were best served by a democratic form of government. The stress that President Jimmy Carter laid on human rights in his diplomacy is one of the best examples of America operationalizing its commitment to promote democracy and human rights worldwide. Third, the point that since 1816 not a single democracy has fought a war against another democracy (Mansbridge 1991:5) is often cited by the United States as another sound reason for supporting democracy by means of aid as it would indirectly promote world peace and stability (USAID 1994a:2).

Post Cold War: New Strategy

In cold war diplomacy, however, U.S. commitment to democracy was often tempered by considerations of real politick. This meant that the U.S. often backed undemocratic rulers and regimes that were diplomatically on its side in the cold war. This created a tension between the ideal and the reality that was never fully resolved. The end of the cold war has given the U.S. more degrees of freedom to come down on the side of democracy. Without the communist threat, real or imaginary, non-communist authoritarian regimes find it harder to make a convincing case to mobilize US support for their respective regimes. Moreover, the U.S. is also encouraged by the historical fact that outside help was useful to Japan and Germany after the Second World War to consolidate their democracies.

In the latest guidelines developed by USAID (see USAID 1994a) for development assistance it has identified two major additional reasons as to why the U.S. should promote democracy through its foreign assistance program in the post

cold war world. The first is USAID's commitment to what it calls "sustainable development". USAID defines sustainable development as development that is characterized by

> *"economic and social growth that does not exhaust the resources of a host country; that respects and safeguards the economic and, cultural, and natural environment; that creates many incomes and chains of enterprises; that is nurtured by an enabling policy environment; and that builds indigenous institutions that involve and empower the citizenry" (our emphasis) ...AID further states that "sustainable development* ***mandates*** *(emphasis in original) participation ...It must help them (aid recipients) build institutions of free discourse and inclusive decision-making ...Thus the fundamental thrust of USAID's programs, whether in democracy building, environment, economic growth, or population and health, will aim at building indigenous capacity, enhancing participation, and encouraging accountability, transparency, decentralization, and the empowerment of communities and individuals" (our emphasis) (USAID: 1994a:4).*

I quoted the latest thinking of the Agency at length to make one key point. The way it looks at foreign assistance now suggests that promoting democracy in the broadest and most inclusive sense of the term has become central to the entire foreign assistance program. In this approach democracy is integrated with other areas of assistance such as population, health and environment. Thus assistance to, say, an NGO to promote primary health care will be seen not only as a health project but also as a democracy enhancing project, albeit indirectly, by empowering non-state actors and civil society. Even in disaster relief the Agency hopes to "preserve basic institutions of civil governance (and) support new democratic institutions during periods of national transition" to more normal conditions (p.49).

USAID recognizes that it is not easy to build democracy. It notes that democracy building is a "long-term process." It also recognizes that there are "many paths to democracy and many variations of governmental mechanisms based on historical, social and cultural realities" (p.23) and that "indigenous democratic institutions must be created" (p.9). It concedes that "democratization is ultimately an internally driven process" (p.29, our emphasis). However, it asserts that sustainable democracies share certain fundamental characteristics such as "respect for human and civil rights, peaceful competition for political power, free and fair elections, respect for the rule of law, accountable government and an environment that encourages participation by all sectors of the population" (p.23). USAID will help implement programs that promote these elements.

The second reason for its new very pro-active position on democracy is connected

to its attempt to make a subtle move away from an emphasis on policy reform and working with governments and "putting more emphasis on more direct interventions ...dealing with indigenous organizations and private voluntary organizations from the United States" (Lancaster 1994:6). This, the Deputy Administrator of USAID, Carol Lancaster calls "participatory development." This entails, for example, a "move away from promoting the private sector directly" to a "greater emphasis on social and economic services for the disadvantaged" (Lancaster 1994:6). In so doing AID is trying to emphasize a more grassroots approach to development that is also more democratic not only in the political sense but also in the socio-economic sense. However, this approach needs to be qualified in one important respect. If there is a clear public preference expressed through the normal democratic processes for more state involvement rather than private/PVO involvement in the provision of services such as health and education donors will face a dilemma. The respect for the democratic ideal will require donors such as USAID to accede to such a policy but for other equally valid reasons they may not.

There is a third important reason for highlighting democracy assistance in U.S. foreign aid. That is to mobilize public support for aid. In general foreign aid is not a popular subject with the tax payers. For example, one opinion poll that has been tracking public opinion on federal government spending found that compared to the late 1970s and the 1980s, in 1990 more people (54%) felt that economic aid to other nations should be cut back (Rielly 1991:11). Thus it is important for USAID to undertake activities that are clearly understood by the U.S. public and are supported by them. More than most other types of aid, democracy aid (and humanitarian assistance) falls into this category.

According to the latest guidelines for its assistance program for the rest of 1990s, USAID classifies countries into three types, sustainable development countries, transitional countries and limited presence (of USAID) countries (USAID 1994a:7). Democracy and human rights are an essential component of the criteria used by the Agency to make this classification. Countries such as Costa Rica, Botswana, India and Sri Lanka that have functioning democracies belong to the first category. They will receive what USAID calls "integrated packages of assistance". The countries in the second category, in USAID's view, are in a "significant political transition" to democracy. Almost all the countries of central Europe and the Newly Independent States (NIS) that formerly belonged to the Soviet Union as well as countries such as Uganda, Nepal, Pakistan and Chile that are in transition to democracy belong to this category. USAID will assist them to "reinforce institutions (of democracy) and national order". In the third category are countries which have failed to initiate the transition to democracy. Assistance to these countries will be on a limited scale and will be confined, *inter alia*, to activities that may help the development of pre-conditions to democracy such as the emergence of a civil society, alleviation of repression and meet basic humanitarian needs. Towards such ends USAID will assist the non-

governmental (NGO) sector but not governments.

USAID has supported programs that promoted democracy for a long time. For example, assistance for legislative development began in the 1970s. In 1990 it launched a more integrated and comprehensive program of assistance for democracy development. However, it is only now that a proper legal framework is being thought of to systematize and integrate such assistance. Thus the title itself of the new foreign assistance bill "Peace, Prosperity, and Democracy Act of 1994" that the Clinton Administration sent to Congress on February 2nd, 1994, to repeal the Foreign Assistance Act of 1961 suggests the centrality of democracy to future U.S. foreign assistance. In the proposed new legislation "Building Democracy" appears as one of the principal areas under which foreign assistance will be provided. Indeed as a recent CRS Report for Congress (Congressional Research Service, 1994:20) notes, democracy promotion is one of the few "new" areas to which USAID will expand under the proposed legislation.

Democracy Assistance in Practice[3]

USAID has worked on discrete projects in 13 areas that relate to democracy. Programs on legal education, decentralization, assistance to NGOs and labor unions have a history stretching back to the 1960s. In the 1970s it started assisting programs in human rights and legislative development. Since the early 1980s the Agency has also worked in administration of justice, political parties (via the National Endowment for Democracy), elections, training in political leadership, civil-military relations, civil-religious relations and civic culture. Since 1990 the Agency's democracy work has increased in thematic scope, geographical coverage, and scale. Moreover, as the Agency gains more experience, creating an accountable, participatory government with a viable civil society, has appeared as an over-arching theme in the Agency's democracy work. The work has also been increasingly integrated into region-wise and country-focussed strategies. However, still not much work is done in some politically critical but sensitive fields such as ethnic relations and ethnic conflict (Hansen 1991). As of the fiscal year 1992 more than 130 democracy-related projects were in progress spread out in all regions where USAID operates.

Latin America

Democracy has always been a major foreign policy concern of the U.S. with respect to Latin America. The region has had one of the longest standing and most heavily funded democracy programs of USAID. Currently the annual budget is about $ 100 million. Especially since 1984 the Agency has been working to strengthen "democratic institutions and encourage pluralism." Currently it is

3/ This section of the report is largely based n a number of unpublished documents produced by USAID.

involved in 22 countries. Every one of them has had a program in the Rule of Law. The other more frequently found programs are in Electoral Process, Legislative Assistance, and programs designed to help the development of civil society (USAID 1993a). At the country level each program has its own stress in regard to the type and nature of assistance depending on local needs. For example, in Guatemala human rights is the primary focus whereas in Costa Rica it is on efficiency of state institutions.

A recent review of USAIDs democracy aid to Latin America during previous democratic transitions concluded that it has had little impact. Learning from past mistakes it made three major recommendations. One was that USAID must let local pro-democracy forces establish credibility by not creating a situation where they are viewed, as a result of U.S. assistance, as creatures of the latter. The other is that the Agency must help local groups to settle disputes by compromise without resorting to force. Assisting to achieve good relations between the civilians and the military is one good example. The third was for USAID to help groups excluded from the political process to enter the process. (Karl 1991:38)

Near East

The Near East Bureau[4] has a Governance and Democracy (GDP) program under the Agency's Democracy Initiative (DI) started in late 1990. The Near East program clearly recognizes the constraints under which it must work in that part of the world in DI. Most countries in the region have highly centralized systems of government. Bureaucratic and patronage systems of administration leave little scope for democracy. The Islamic challenge to these regimes complicates the situation. For example, in Algeria in 1992, the U.S. faced a moral dilemma of how to respond when an Islamic fundamentalist party won a general election and the military intervened to deny them power. The press is free only in a few countries such as Egypt.

The principal long term goal of USAID in this region is to promote "more efficient and accountable Government" (USAID 1992b:5). This is a broad enough rubric under which much could be done. Indeed the Agency has been involved to a limited extent in some of the more traditional and broader type of democracy work such as elections in Yemen and Morocco. However, much of the work in the region is in the area of increasing democratic accountability and participation in, say, local government and other projects that USAID is involved in. USAID has approached democracy work in this region at three levels. At level one it has been spending a small amount of funds simply to understand better the situation in the respective countries and who the key actors are. With this in view it has undertaken limited programs to help in elections (e.g. Yemen and Morocco), judiciary (e.g. Yemen and Egypt) and so on. At the second level, it

4/ Under the recent reorganization of the Agency, this has been amalgamated with the Asia Bureau to form one bureau.

has done some work to expand participation and improve accountability in the political process. For example, in Tunisia, the Agency started a program to help elected representatives take decisions more accountable to the people. At the third level, the Agency has focussed on human rights. For example, in Tunisia, the Agency has assisted the establishment of a human rights commission with a view to bringing human rights abuses before the judiciary. Some assistance has also been provided in the area of human rights aimed at reducing human rights abuse. The actual programs and projects that can be undertaken in the Near East in the future will depend on a variety of factors including the relationship between the host country government and USAID.

Central and Eastern Europe Including the Newly Independent States

U.S. assistance to promote democracy in the former Communist countries of central and eastern Europe started in 1991 under DI. The Democratic Pluralism Initiative (DPI) for NIS countries started in April 1992. Democracy initiatives in this region are concentrated in four inter-related areas: Political Process (supporting political parties, civic organizations, independent labor unions, and free and fair elections); Independent media; democratic governance and public administration and Rule of Law (technical assistance for legal and judicial reform). (USAID:Undated)

The NIS democracy program is a good example of the difficulties that the Agency has to face when it has to rush into programs because of urgent political and other considerations. USAID was provided with considerable resources -$ 2.5 bl - to support political and economic reform in the NIS region. Quick starts were required. There was practically no time for needs assessment, development of a strategy or planning. There were no field missions until recently. The programs were centralized, and most activities were money transfers to NGOs. In general preliminary evaluations of these programs suggest that the results have been mixed. For example, work done with political parties and legislatures have yielded good results. But work in the area of justice has been less successful. This is not surprising because much of the judiciary in these countries came over from the previous communist regimes with a mind set and training that were ill-suited to a democratic system.

Within the last one year the NIS democracy program has undergone considerable change. Democracy is now seen both as an end in itself and also as a means to achieve economic reform. Integrated municipal level programs have become particularly popular. The destabilising effects of ethnic conflict pose a problem to some of the NIS democracy programs. The Agency is still not able to clearly demonstrate the impact of its activity, a key requirement to convince the Congress

that U.S. tax dollars are well spent. USAID is confident that it will be able to show that its assistance in this area has led to more participation by the people in the political (and economic) process. However, whether it will also achieve sustainable democracy is a question that is difficult to answer at this point in time.

Africa

Democracy work in Africa has to be considered against the background of the relatively recent end to colonial rule in many of these countries, post-colonial utopian African socialism, tremendous pressure on resources from rapid population growth, and economic regression in the 1980s. Most countries have weak economies and near bankrupt treasuries, inefficient bureaucracies, and antipathy between the private and public sectors. These are all negative factors. However, in the last five years more than twelve African countries have held transparent elections to elect governments. Several more are in prospect. This has created a more helpful environment for the Agency to work in this field.

The Africa Bureau sees its activity in the democracy area as being "demand driven". One position paper prepared for the Bureau advocates limited engagement in this area in Africa with the focus on economic governance. A broader promotion of democracy is considered unworkable (USAID 1992a). The Bureau sees a synergy between economic development and democratization. This is key to understanding the democracy work the Agency hopes to do in Africa. The goal is to help the countries to develop technically competent bureaucracies, an enabling legal environment for democracy and free enterprise, a vibrant private sector and a civil society that can interact with the government at the higher level and with the tribal and other traditional organizations at the primary level.

Asia

The democracy program of USAID in Asia is not as large as that of the one in Latin America and the Caribbean. However, they cover many of the themes that the Agency has dealt with in the other regions (USAID 1993b). For example, in Nepal and Bangladesh USAID helped in the democratic elections. In Cambodia the Agency is involved in a program designed to build civil society institutions in the country. Most AID missions in Asia have programs designed to improve the administration of justice. In the Philippines the Agency has been involved in a large democracy program covering a variety of subjects.

Critique of USAID Democracy Initiative

AIDs past efforts in democracy development have produced mixed results. To begin with this is an area in which results are hard to quantify and short-term yields are meager. Having said that it is generally conceded that AID assistance in some areas such as elections have yielded visible positive results. In other areas such as human rights and the administration of justice AID work has raised public consciousness and helped improve the overall climate for democratic norms to prevail.

For the Agency as a whole as well as for most professional staff, democracy work is relatively new and is somewhat alien to the traditional development work that has been undertaken over the past several decades. Thus work in this area requires a somewhat new approach that is not easy to establish for several reasons. Firstly, democracy work is intensely political and the U.S. when it gets involved in a country in this field will not remain a disinterested participant. It will be forced to take the side of democratic forces in these countries where anti democratic forces still survive and even thrive. Second, the absence of a clear cut positive linkage between democracy and development (defined more narrowly to mean increases in material output) makes democracy work harder to justify, at least in the minds of those who see the Agency's primary mission as promoting the material well being of the recipient societies. Related to this point is the fact that at least to some extent democracy work in the Agency is driven by global and non-programmatic consideration. Third, democracy is seen as a "moving target" that needs quick responses from the Agency. That, it is argued, is not easy. Fourth, it is also observed that different U.S. government agencies sometimes pull in different directions when it comes to democracy work. To overcome this problem all inter-agency democracy programs were reviewed in 1993 under Presidential Review Directive # 26. USAID in its report to the National Security Council proposed the establishment of an inter-agency working group to coordinate work in this area. At the field level there is probably more joint work involving the respective U.S. embassies and the AID missions in the democracy field than in any other area in which the Agency works. This is inevitable given the political content of the work and the State Department's responsibilities in foreign policy. USAID professionals readily agree that such coordination is essential. However, it is apparent that there is some tension between AID and State (despite the fact that USAID is a part of State!) especially when the former is compelled to undertake projects that are seen by it as not viable.

There is another fundamental issue that needs to be addressed when evaluating the Agency's current strategy. The Agency is on the right track in its new thinking that views development as a Weberian interactive process involving both economics and politics. That is what I would call a horizontal integration of

development assistance. However, at the same time USAID may be in danger of losing the vertical integration of its strategy in terms of the level at which it operates (see Fig 1). A successful development strategy must be integrated in both directions. While democracy is very high on its agenda, socio-economic policy reform - both macro reform and sector reform - is not. The current thinking in the Agency, it appears, is that policy reform is best left to the larger multi lateral lending agencies, the IMF and the World Bank, limiting its own role in this area to a supportive one. This strategy may well work. However, one cautionary note is in order. The experience of the last two decades clearly demonstrates that no meaningful development is possible at the project/grassroots level if the policy environment is unsatisfactory. A good macro economic framework is essential to prepare the larger framework for development. A sensible sector policy in population, health, education, agriculture and so forth is indispensable to successful project work. If the policy environment is unsatisfactory sustainable development is unlikely to be realized. That is the bitter lesson that we have learnt from the 1980s. The link between democracy and development may yet be uncertain. However, our discussion on this issue did confirm that democracy is not sustainable without reasonable development. Thus too much delinking of USAID assistance and work from policy issues could be a costly

Figure 1

An Intergrated Approach to Foreign Assistance

	Political	***Socio-Economic***
Macro Level Policy	General Elections	Stabilization & Structural Adjustment
	Constitutional Reforms	Foreign Exchange Rate
Sector Level Policy	Judiciary	Agriculture, Industry Financial, Health, Education, Policy Reforms
	Bureaucracy	
	Media	
Civil Society-Grassroots Action	Citizen Awareness of Legal Rights	Micro Enterprises
	Voter Education	PVO Activities in Health Education

Note: The subjects indicated in the boxes are meant to be illustrative, not comprehensive.

mistake.

It is evident from the experience with democracy work so far that there is no grand strategy available to USAID to foster democracy in a comprehensive manner. In broad terms there is some sense to having regional strategies because countries in a given region share some common historical experience. However, each country strategy has to tailored to fit its own circumstances and meet its own needs.

Finally. there is also the question of donor cooperation in the democracy field. The current USAID implementation guidelines recognize the importance of such coordination (USAID 1994b:21-22). The World Bank is constrained to limiting its work to the area of "good development management". The way in which the Bank is constituted makes it conservative on this politically sensitive issue. Thus it looks to USAID to take a lead in the broader area of governance and democracy. Moreover, USAID has more experience in this subject than any other donor agency, especially in Latin America. In any event, it is useful, especially in the politically more sensitive areas such as financial management and corruption, for USAID to work in cooperation with other donors. This has the added advantage of sharing costs at a time when budgets are tight.

Conclusion

The following are some conclusions that we arrive at based on our analysis of democracy and USAID's own past experience in democracy work.

1. Resources should be committed to democracy programs only when there is a clear political will on the part of the recipient country to accept such assistance and implement the proposed program. Otherwise funds are wasted.

2. In terms of program priorities the first should be to make sure that the three key stone personal rights - right to life (no summary execution), right not to be tortured, and the right to due process - are protected at all times, no matter what the nature of the regime is. If that is achieved USAID would have succeeded in eliminating the truly repressive state, a major victory for democracy in today's circumstances.

3. In general elected governments are more sensitive to human rights issues. Thus it pays to expend resources to promote a system of government elected by the people. Conversely, it makes little sense to devote funds to providing technical assistance to say, the judiciary or the bureaucracy for its development, if the government is not democratic. Even if "efficiency" is improved as a result of such assistance, it is unlikely that the cause of democracy as we know it will be advanced.

4. Wherever possible it is useful to link traditional development assistance programs with democracy. The current stress on PVOs, NGOs and grassroots based development gives considerable scope to do so. For example, a health project to assist PVOs will also automatically strengthen civil society, increase popular participation and strengthen decentralization.

5. Measuring the impact of democracy work is harder than in the more traditional fields that USAID works in. However, it should be attempted wherever feasible. For example, a drop in the reported cases of human rights abuses or greater participation in local government are relatively more easily measurable.

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